

**CO-OPERATIVE FEDERATION OF VICTORIA LTD  
FINANCIAL STATEMENTS  
YEAR ENDING 30 JUNE 2007**

# CO-OPERATIVE FEDERATION OF VICTORIA LTD

## DIRECTORS' REPORT

### To the members,

Your directors submit their report, together with the audited accounts of the Federation, for the year ended 30 June 2007.

### DIRECTORS

The Directors in office during the year and up to the date of this report are:

John Niel BLACK  
David Graham DINNING  
Graeme John CHARLES  
Anthony Francis O'SHEA  
Diane BATTERHAM (Appointed 18 January 2007)

### PRINCIPAL ACTIVITIES

The principal activities of the Federation in the course of the financial year were:

- Maintaining relations with the Registry of Co-operatives
- Maintenance of Australian Co-operative portal <[www.australia.coop](http://www.australia.coop)>
- Promoting the Co-operative option
- Conducting seminars and workshops
- Participating in meetings of the Co-operatives Council of Australia
- Development of a Co-operative education program
- Fostering co-operation between Co-operatives.

### OPERATING RESULTS FOR THE YEAR

The surplus of the Federation for the financial year after provision for income tax was \$4,496 (2006 deficit of: \$2,655).

### ENVIRONMENTAL REGULATION

The Co-operative's activities are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

### DIVIDENDS

The Directors recommend that no amount should be paid by way of dividend. No amount has been paid or declared by way of dividend since the end of the previous financial year.

### REVIEW OF OPERATIONS

The Federation concluded the financial year with an operating surplus of \$4,496 after provision for income tax compared to a deficit of \$2,655 the previous year.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Federation over the year.

# CO-OPERATIVE FEDERATION OF VICTORIA LTD

## DIRECTORS' REPORT

### INFORMATION ON DIRECTORS

#### **Anthony Francis O'Shea**

Chairman

Director and Secretary, Avoca District Co-operative Ltd

26 years experience as Co-operative Director/Manager

#### **John Niel Black**

Past Chairman

31 years experience as Co-operative Director

#### **David Graham Dinning**

Independent Director

31 years as a Director and Manager and full-time professional at various levels of the Credit Co-operative movement in Australia and overseas.

#### **Graeme John Charles**

Director

Director of North East Telecommunications Co-operative Ltd.

Director of Co-operative Energy Limited.

#### **Diane Batterham**

Director

Executive of Westgate Health Co-operative Ltd.

Six board meetings were held during the 2006/07 year. The attendances at board meetings were:

- D. Dinning attended 5 out of 6 meetings
- N. Black attended 6 out of 6 meetings
- A. O'Shea attended 6 out of 6 meetings
- G. Charles attended 6 out of 6 meetings
- D. Batterham attended 2 out of 3 meetings

### DIRECTORS EMOLUMENTS

Directors are not paid any fees for services as a director. The directors were paid fees for consultancy services and reimbursements as follows:

	Consultancy Fees \$	Reimburse- ments \$	Total \$
John Niel BLACK	-	-	-
David Graham DINNING	-	-	-
Graeme John CHARLES	4,000	1,450	5,450
Anthony Francis O'SHEA	-	-	-
Diane BATTERHAM	-	-	-
<b>Total</b>	<b>4,000</b>	<b>1,450</b>	<b>5,450</b>

## CO-OPERATIVE FEDERATION OF VICTORIA LTD

### DIRECTORS' REPORT

#### DIRECTORS' EMOLUMENTS (CONT'D)

Excepting the amounts disclosed above, since the end of the previous financial year, no Director of the Federation has received or become entitled to receive a benefit, by reason of a contract made by the Federation with the Director or with a firm of which he/she is a member or with a company in which he/she has a substantial financial interest.

No director has an interest in a contract which the directors are entitled to a benefit which confers a right to call for or deliver shares in, or debentures of or interest in a registered scheme made available by the Federation or a related body corporate.

#### AFTER BALANCE DATE EVENTS

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the Federation's operations for the next succeeding financial year.

#### INDEMNIFYING OFFICERS OR AUDITORS

The Federation has paid a premium to insure directors and officers against liability for costs and expense incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of a director or officer of the Federation, other than conduct involving wilful breach of duty in relation to the Federation.

The Federation has not given or entered into an agreement to indemnify any person who is or has been an officer or auditor of the Federation in relation to defending legal proceedings.

#### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the Board and is signed for and on behalf of the Directors.

Signed on this 27th day of November 2007.

  
Director - Graeme Charles

  
Director - Tony O'Shea

**CO-OPERATIVE FEDERATION OF VICTORIA LTD**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C  
OF THE CORPORATIONS ACT 2001**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Signed this 23<sup>rd</sup> day of November 2007.

**PROWSE, PERRIN & TWOMEY**

**Certified Practising Accountants**

20 Lydiard Street South

Ballarat Vic 3350

.....  
T.S. Bunning (Partner)

**CO-OPERATIVE FEDERATION OF VICTORIA LTD**

**INCOME STATEMENT**  
**YEAR ENDED 30 JUNE 2007**

	Notes	2007	2006
		\$	\$
<b>INCOME</b>			
Contribution to Education Project		-	1,000
Consultancy Fees		18,948	11,113
Grant Income	2	517	10,363
Co-operative Education Programs		37,335	-
Membership Subscriptions		17,805	12,940
Publication Sales		-	-
Sundry Income		579	661
		<u>75,184</u>	<u>36,077</u>
<b>EXPENSES</b>			
Annual Meeting		-	139
Auditors' Remuneration	3	1,158	1,408
Banking Charges		-	21
Consultant Fees		-	456
Depreciation		82	82
Co-operative Education Programs		34,267	2,580
Grant Expenditure		-	10,363
Honorariums	8	5,112	5,112
Insurance		2,314	53
Co-operative Health Project		1,000	-
Meeting Expenses		651	433
Office & Computer Requisites		4,219	4,317
Postage, Printing & Stationery		737	507
Secretary's Consultants Fees		16,047	9,772
Secretary's Out of Pockets		87	-
Sundry Expenses		456	109
Telephone, Fax & Internet		2,628	2,959
Travel and Accommodation Reimbursements		1,840	421
		<u>70,598</u>	<u>38,732</u>
<b>OPERATING SURPLUS/(DEFICIT)</b>			
		<u>4,586</u>	<u>(2,655)</u>

The accompanying notes form part of the accounts.

**CO-OPERATIVE FEDERATION OF VICTORIA LTD**

**INCOME STATEMENT (CONT'D)**  
**YEAR ENDED 30 JUNE 2007**

	<b>Notes</b>	<b>2007</b>	<b>2006</b>
		\$	\$
Operating Surplus/(Deficit) Before Income Tax		4,586	(2,655)
Income Tax (Expense)/Benefit Attributable to Operating Surplus/(Deficit)	4	<u>(90)</u>	<u>-</u>
Operating Surplus/(Deficit) After Income Tax		4,496	(2,655)
Retained Surplus at the beginning of the Financial Year		<u>4,848</u>	<u>7,503</u>
Retained Surplus at the end of the Financial Year		<u>9,344</u>	<u>4,848</u>

The accompanying notes form part of the accounts.

**CO-OPERATIVE FEDERATION OF VICTORIA LTD**

**BALANCE SHEET  
AS AT 30 JUNE 2007**

	Notes	2007	2006
		\$	\$
<b>CURRENT ASSETS</b>			
Cash at Bank		8,281	4,245
Stock of Publications		2,973	3,108
<b>Total Current Assets</b>		<u>11,254</u>	<u>7,353</u>
<b>NON-CURRENT ASSETS</b>			
Investments			
- Community Enterprise Network (at cost)		10	10
- CPS Ltd (at cost)		10	10
Office Furniture and Equipment (at WDV)	5	116	198
Deferred Tax Asset	4	150	240
<b>Total Non-Current Assets</b>		<u>286</u>	<u>458</u>
<b>TOTAL ASSETS</b>		<u>11,540</u>	<u>7,811</u>
<b>CURRENT LIABILITIES</b>			
Sundry Creditors		550	800
Grant Income Not Yet Expended		-	517
<b>Total Liabilities</b>		<u>550</u>	<u>1,317</u>
<b>NET ASSETS</b>		<u>10,990</u>	<u>6,494</u>
<b>EQUITY</b>			
Share Capital	6	540	540
Reserves		1,106	1,106
Retained Surplus		9,344	4,848
<b>Total Equity</b>		<u>10,990</u>	<u>6,494</u>

The accompanying notes form part of the accounts.

**CO-OPERATIVE FEDERATION OF VICTORIA LTD**

**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 30 JUNE 2007**

	Ordinary Shares	Retained Surplus	Forfeited Share Reserve	Statutory Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 30 June 2005</b>	590	7,503	740	316	9,149
Operating Surplus/(Deficit)	-	(2,655)	-	-	(2,655)
Issued Capital	10	-	-	-	10
Refunded Capital	(10)	-	-	-	(10)
Transfer to Forfeited Shares Reserve	(50)	-	50	-	-
<b>Balance at 30 June 2006</b>	<u>540</u>	<u>4,848</u>	<u>790</u>	<u>316</u>	<u>6,494</u>
Operating Surplus/(Deficit)	-	4,496	-	-	4,496
<b>Balance at 30 June 2007</b>	<u>540</u>	<u>9,344</u>	<u>790</u>	<u>316</u>	<u>10,990</u>

The accompanying notes form part of the accounts.

**CO-OPERATIVE FEDERATION OF VICTORIA LTD**

**CASH FLOW STATEMENT**  
**YEAR ENDED 30 JUNE 2007**

	<b>Notes</b>	<b>2007</b> \$ Inflows (Outflows)	<b>2006</b> \$ Inflows (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Receipts from operating activities		74,667	26,866
Cash Payments from operating activities		<u>(70,631)</u>	<u>(40,850)</u>
Net Cash Provided by Operating Activities	7(b)	<u>4,036</u>	<u>(13,984)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Share Capital Received		-	10
Share Capital Refunded		<u>-</u>	<u>(10)</u>
Net Cash Provided by Financing Activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash held		4,036	(13,984)
Cash at the beginning of the financial year		<u>4,245</u>	<u>18,229</u>
Cash at the end of the financial year	7(a)	<u>8,281</u>	<u>4,245</u>

The accompanying notes form part of the accounts.

## CO-OPERATIVE FEDERATION OF VICTORIA LTD

### NOTES TO AND FORMING PART OF THE ACCOUNTS YEAR ENDED 30 JUNE 2007

#### 1. Statement of Accounting Policies

##### a) Basis of Accounting

The Co-operative Federation of Victoria Ltd is a non-reporting entity because in the Directors' opinion there are unlikely to exist users who are unable to command the preparation of reports tailored so as to satisfy specifically all their information needs, and these accounts are therefore a "Special Purpose Financial Report" that has been prepared solely to meet the *Co-operatives Act 1996* requirements to prepare accounts.

The accounts have been prepared in accordance with the requirements of the *Co-operatives Act 1996*, and the following applicable Accounting Standards and Australian Accounting Interpretations:

- AASB 101: Presentation of Financial Statements
- AASB 107: Cash Flow Statements
- AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 110: Events after the Balance Sheet Date
- AASB 117: Leases
- AASB 1031: Materiality
- AASB 1048: Interpretation and Application of Standards

No other Accounting Standards, Australian Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The accounts have been prepared under the historical cost convention and, therefore, do not take into account changing money values or, except where stated, the current value of monetary assets.

The accounting policies adopted are consistent with those applied in the previous year, unless specifically stated.

##### b) Plant and Equipment

Plant and equipment are included at cost. All assets are depreciated over their useful lives by the straight line method.

##### d) Income Tax

The charge for current income tax expense is based on the surplus for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax will be recognised from the initial recognition of an asset or liability, excluding business combination, where there is no effect on accounting surplus or taxable income or loss.

## **CO-OPERATIVE FEDERATION OF VICTORIA LTD**

### **NOTES TO AND FORMING PART OF THE ACCOUNTS YEAR ENDED 30 JUNE 2007**

#### **d) Income Tax (Cont'd)**

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future taxable income will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**CO-OPERATIVE FEDERATION OF VICTORIA LTD**

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
YEAR ENDED 30 JUNE 2007**

	<b>2007</b>	<b>2006</b>
	\$	\$
<b>2. Grant Income</b>		
Consumer Affairs Victoria		
Unearned Income Brought Forward	517	9,728
Received during year	-	1,152
less: Unexpended at 30 June	-	517
	<hr/>	<hr/>
	517	10,363
<b>3. Auditors' Remuneration</b>		
Charging as Expense		
Auditors' remuneration		
(i) auditing of accounts	550	800
(ii) accounting and taxation services	608	608
	<hr/>	<hr/>
	1,158	1,408
(iii) acquittal audit	<hr/>	<hr/>
	-	682
<b>4. Income Tax Expense</b>		
a) The prima facie tax payable on operating surplus is reconciled to the income tax provided in the accounts as follows:		
Operating Surplus/(Deficit) before Income Tax	4,586	(2,655)
Add Accrued Audit Fee	550	800
Less Prior Year Accrued Audit Fee	<hr/>	<hr/>
	(800)	(800)
Tax Loss	4,336	(2,655)
Tax effect at company tax rate	1,301	(797)
Tax losses utilised	(1,301)	-
Tax losses not brought to account	-	797
Decrease in Deferred Tax Asset	<hr/>	<hr/>
	90	-
<b>Income Tax Expense</b>	<hr/>	<hr/>
	90	-
Deferred Tax Asset relates to:		
• Timing Differences	<hr/>	<hr/>
	150	240

**CO-OPERATIVE FEDERATION OF VICTORIA LTD**

**NOTES TO AND FORMING PART OF THE ACCOUNTS  
YEAR ENDED 30 JUNE 2007**

	<b>2007</b>	<b>2006</b>
	\$	\$
<b>5. Property, Plant &amp; Equipment</b>		
Office Furniture and Equipment		
At Cost	2,636	2,636
Accumulated depreciation	<u>(2,520)</u>	<u>(2,438)</u>
	<u>116</u>	<u>198</u>
<b>6. Share Capital</b>		
Issued capital: 270@\$2 shares	<u>540</u>	<u>540</u>
<b>7. Cash flow Statement Information</b>		
(a) Reconciliation of Cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:		
Cash at Bank – Bendigo Bank	<u>8281</u>	<u>4,245</u>
(b) Reconciliation of operating surplus/(loss) to net cash flows from operation as follows:		
Operating Surplus/(Deficit) After Income Tax	4,496	(2,655)
Depreciation	82	82
Decrease in stock	135	-
(Decrease) in sundry creditors	<u>(250)</u>	<u>(2,200)</u>
Decrease in deferred tax asset	90	-
(Decrease) in unearned income	<u>(517)</u>	<u>(9,211)</u>
Cash flows from operations	<u>4,036</u>	<u>(13,984)</u>
<b>8. Honorariums</b>	<u>5,112</u>	<u>5,112</u>

Honorarium payments are to the Secretary. The Secretary is the sole recipient of any honorarium payments.

## CO-OPERATIVE FEDERATION OF VICTORIA LTD

### DIRECTORS DECLARATION

The Directors have determined that the Federation is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The Directors declare that:

1. The financial statements and notes, as set out on pages 5 to 13:
  - a. comply with Accounting Standards as described in Note 1 to the financial statements and the *Co-operatives Act 1995*; and
  - b. give a true and fair view of the Federation's financial position as at 30 June 2007 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the Federation will be able to pay its debts as and when they become due and payable.

Signed this 26th day of November 2007 in accordance with a resolution of Directors.

  
Director - Graeme Charles

  
Director - Tony O'Shea

## CO-OPERATIVE FEDERATION OF VICTORIA LTD

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CO-OPERATIVE FEDERATION OF VICTORIA LTD

#### **Report on the financial report**

We have audited the accompanying financial report of Co-operative Federation of Victoria Limited for the financial year ended 30 June 2007 as set out on pages 5 to 14.

#### *Directors' responsibility for the financial report*

The company's directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: "Presentation of Financial Statements", that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Co-operative Federation of Victoria Limited on November 2007, would be in the same terms if provided to the directors at the date of this auditor's report.

## CO-OPERATIVE FEDERATION OF VICTORIA LTD

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CO-OPERATIVE FEDERATION OF VICTORIA LTD

#### *Audit Opinion*

In our opinion:

- a) the financial report of Co-operative Federation of Victoria Limited is in accordance with the Corporations Act 2001, including:
  - i) giving a true and fair view of the Company's financial position as at 30 June, 2007 and of its performance for the year ended on that date; and
  - ii) complying with Australia Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Signed this 26<sup>th</sup> day of November 2007.

**PROWSE, PERRIN & TWOMEY**  
**Certified Practising Accountants**  
20 Lydiard Street South  
Ballarat Vic 3350

.....  
*Tim Bunning*  
T.S. Bunning (Partner)